MISSOURI BAPTIST FOUNDATION

INVESTMENT POLICY

Common Investment Funds

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Statement of Purpose

The Missouri Baptist Foundation was organized in June, 1946 to develop, manage, and distribute financial resources for the benefit of Missouri Baptists' mission and ministry efforts within Missouri, other states, and around the world. The priorities of the Missouri Baptist Foundation are to promote Christian stewardship, assist with the planning and implementation of charitable gift arrangements and manage assets entrusted to the Foundation to provide perpetual support for the mission and ministry efforts of Missouri Baptists.

The Missouri Baptist Foundation has established its Common Investment Funds ("Funds") as its primary investment vehicles for endowment, restricted and agency funds gifted to or entrusted to the Missouri Baptist Foundation for investment for the benefit of the mission and ministry efforts of Missouri Baptists. The Funds were established for the purpose of facilitating investment for entities exempt from federal income tax under §501 (c) (3) of the Internal Revenue Code of 1986, as amended, through the pooling of assets. The assets of the Funds will be invested for the benefit of participating mission and ministry accounts. The Funds will be administered in a manner consistent with the investment policies established by the Board of Trustees of the Missouri Baptist Foundation and in compliance with all applicable laws and regulations.

The Board of Trustees of the Foundation determines the investment policies of the Funds and implements those policies with the counsel of an investment advisor and a network of investment managers. Those investment policies are reviewed at least annually and are revised as determined by the Board. Investment managers are retained to invest the Funds' assets in a manner consistent with the investment policies and guidelines so determined by the Board of Trustees.

In setting the policies and objectives of the Funds, the Foundation recognizes the important role of investments in the current and future operations of institutions. The investment policies that have been formulated for the Funds are designed to achieve investment returns within prudent levels of risk. The strategies used to meet the objectives of the Funds include investment in financial securities and require time horizons sufficient to withstand the normal volatility of the financial markets.

The Foundation is committed to the management of its assets in a manner that is consistent with Christian moral and ethical principles. It is the Foundation's policy to direct investments away from certain companies and particular businesses if the principal business activities of these companies are inconsistent with this philosophy. In so directing the investments, the Foundation will act with ordinary business care and prudence. Any assets received by the Foundation that do not conform to this philosophy will be sold and reinvested in an acceptable security as soon as practical.

Some Funds may include investments in commingled funds or partnerships that are not screened for the Foundation's socially responsible requirements. Examples of these exceptions may include, but are not limited to, hedge funds, private equity, venture capital investments, or other commingled funds used to implement the objectives of Funds. Certain funds that are screened for socially responsible investments may also have de minimus investments in securities or instruments which may not be consistent with the Foundations' socially responsible requirements. The Endowment Management Committee/Board must approve all exceptions to the general social screens described in this section.

MISSOURI BAPTIST FOUNDATION

STATEMENT OF INVESTMENT POLICY, OBJECTIVES, AND GUIDELINES

I. SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy reflects the investment policy, objectives, and guidelines of the Missouri Baptist Foundation (hereinafter sometimes "the Foundation").

II. DEFINITIONS

1. "Board" shall mean the Board of Trustees of the Missouri Baptist Foundation.
2. "EMC" shall mean the Endowment Management Committee of the Board of Trustees of the Missouri Baptist Foundation.
3. "Investment Review Committee" or "IRC" shall mean a committee of Foundation employees appointed by the Board of Trustees of the Missouri Baptist Foundation that reports directly to the Endowment Management Committee of said Board.
4. "Committees" shall refer to the EMC and the IRC together.
5. "Common Investment Funds" shall mean that family of funds established by the Board of Trustees of the Missouri Baptist Foundation from time to time to be offered to Investors by the Foundation.
6. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition or administration of the Funds assets.
7. "Foundation" shall mean the Missouri Baptist Foundation.
8. "Funds" shall mean financial assets placed with the Missouri Baptist Foundation for investment purposes.
9. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met.

10. “Investment Advisor” or “Advisor” shall mean any individual or organization employed to provide discretionary or other advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.
11. “Investment Manager” shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Fund’s assets.
12“Investors” shall be recognized as exempt from federal income tax under §501 (c) (3) of the Internal Revenue Code of 1986, as amended, and shall support, advance or further the religious and/or charitable purposes of Missouri Baptist churches, Baptist institutions or entities, or other institutions or entities exempt from tax under IRC section 501(c)(3), the funds of which the Board of Trustees of the Missouri Baptist Foundation determines it will receive and administer.
13“Securities” shall refer to the marketable investment securities that are defined as acceptable in this statement.

III. PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of investment policy is provided by the Missouri Baptist Foundation in order to:

1. Establish a clear understanding for all involved parties of the investment policy, objectives, and guidelines that govern Foundation investment activities.
2. Define and assign the responsibilities of all involved parties.
3. Offer guidance to all Foundation Investment Managers regarding the investment of the Funds.
4. Establish a basis for evaluating investment results.
5. Manage the Funds according to a) Christian moral and ethical principles and b) prudent standards as established in common trust law.

IV. RESPONSIBILITIES & AUTHORITY

The Missouri Baptist Foundation, under the direction and supervision of its Board of Trustees, is a steward and is responsible for directing and monitoring the investment of the Funds. As part of its stewardship, the Missouri Baptist Foundation may retain and/or terminate relationships with professional service providers in various fields. Certain responsibilities may be assigned to professional service providers including, but not limited to:

1. **Investment Advisor or Consultant**. The Advisor may assist the Missouri Baptist Foundation in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; conducting training and educational sessions around best investment and non-investment / governance best practices; and other tasks as deemed appropriate. The Advisor may be assigned discretionary authority to implement various investment programs.
2. **Investment Manager**. The investment manager has discretion, subject to the provisions of this policy, to purchase, sell, or retain the specific securities that will be used to meet the Funds’

investment objectives. Managers will be held responsible for adherence to these guidelines and shall be accountable to achieve the objectives assigned to them.

3. **Custodian**. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Funds, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Funds accounts.

All expenses for such professional service providers must be customary and reasonable, and will be paid by the Funds.

V. ASSIGNMENT OF RESPONSIBILITY

A. Responsibility of the Board of Trustees of the Missouri Baptist Foundation

The Board of the Missouri Baptist Foundation is charged with the responsibility for the investment of the assets of the Funds. The Board shall discharge its duties solely in the interest of the Funds, with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent investor, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The Board may delegate certain specific responsibilities to the Endowment Management Committee ("EMC") of the Board, which may in turn delegate certain specific responsibilities to the Investment Review Committee ("IRC").

B. Responsibility of the Endowment Management Committee

The specific responsibilities of the EMC relating to the investment management of Funds' assets include :

1. Establish and maintain a family of socially screened Common Investment Funds, which shall include, without limitation, MBF Cash Fund, MBF Bond Fund, MBF Income Fund, MBF Stock Fund, MBF Balanced Fund and MBF Diversified Fund.
2. Review a Disclosure Statement for each of the Common Investment Funds that contains the investment objectives, permitted investments, asset allocations, and risk/reward profile for each such Fund.
3. Prudently and diligently select and/or terminate the relationship with qualified investment professionals, including Investment Manager(s), Investment Advisor(s) or Consultant(s), and Custodian(s), to manage the Common Investment Funds.

4. Develop and enact proper control procedures. For example, replace Investment Manager(s) due to fundamental change in investment management process, or failure to comply with established guidelines.
5. Review quarterly reports provided by the Investment Advisor or Consultant and make recommendations to the Advisor or Consultant and/or Board as needed.
6. Report, at least annually, to the Board of Trustees of the Foundation on the investment performance and financial condition of the Common Investment Funds.

C. Responsibility of the Investment Review Committee

The specific responsibilities of the IRC relating to the investment management of Funds' assets include:

1. Review investment and management reports and analysis of Investment Managers.
2. Regularly evaluate the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitor investment objective progress.
3. Report periodically to the EMC.
4. Conduct such other responsibilities as may be assigned from time to time by the EMC.

D. **Investment Advisor or Consultant**

The EMC and IRC ("Committees") may utilize an Investment Advisor or Consultant to advise and assist the Committees in their duties and responsibilities. The Investment Advisor will have discretion to develop and execute the investment programs within the constraints of this Policy. In its advisory capacity, the Investment Advisor will:

- Assist in establishing investment policies, objectives, and guidelines.
- Know and comply with this Policy.
- Perform due diligence, select, monitor, and terminate Investment Managers or sub-advisors as necessary to execute the strategies of the investment program.
- Rebalance the Funds to maintain proper diversification within the ranges described in this Policy.
- Review the Funds' investments at least monthly to ensure that policy guidelines continue to be met.
- Monitor investment performance and portfolio risks.
- Report to the Committees on a regular basis. Reports will include market value, performance, asset allocation, risk assessment and other pertinent information.
- Alert Management and Committees of significant changes to investment management or strategies affecting the Fund.

E. Responsibility of the Investment Manager(s)

Each Investment Manager will have discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include to:

1. Exercise discretionary investment management including decisions to buy, sell, or retain individual securities, and to alter asset allocation within the guidelines established in this statement.
2. Report, on a timely basis, quarterly investment performance results.
3. Communicate any major changes to economic outlook, investment strategy, or any other factors that affect implementation of investment process, or the investment objective progress of the Funds' Investment Manager.
4. Inform the Investment Advisor, IRC or the EMC regarding any qualitative change to Investment Manager organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

5. Vote proxies, if and as requested by the IRC, EMC, and/or the Board on behalf of the Funds, and communicate such voting records to the Committees upon request.
6. Comply with "prudent expert" standards including investment, operations, and compliance processes.

F. Responsibility of the Custodian

The Custodian shall:

1. Maintain possession of securities owned by the Funds.
2. Collect dividend and interest payments.
3. Redeem maturing securities.
4. Effect receipt and delivery following purchases and sales.
5. Perform regular accounting for all assets owned, purchased or sold by the Funds.
6. Provide timely reporting.

VI. GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of the beneficiaries of the Funds and in compliance with Christian moral and ethical principles.
2. The Funds shall be invested and managed as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the Funds. In satisfying this standard, the Foundation shall exercise reasonable care, skill, and caution. Investment and management decisions respecting individual assets, risks, and courses of action must be evaluated not in isolation but in the context of the Funds' respective goals and objectives.
3. Investment of the Funds shall be diversified in order to mitigate risks and to provide exposure to various asset classes and/or investment strategies.
4. The Foundation may employ one or more investment managers of varying styles and philosophies to attain the Funds' objectives.
5. Cash is to be managed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

VII. GOAL OF COMMON INVESTMENT FUNDS

The goal of the Foundation in establishing the Common Investment Funds is to offer a menu of choices to enable investors to meet their own investment objectives. Each of the Common Investment Funds has its own primary objectives, as follows:

MBF Cash Fund: Liquidity and stability of nominal principal plus modest income.

MBF Bond Fund: Income and preservation of nominal principal, but with limited protection against inflation. (This Fund is actively managed externally by an Investment Manager.)

MBF Income Fund: Income and preservation of nominal principal, but with limited protection against inflation. (This Fund is managed internally with a "buy and hold" strategy.)

MBF Stock Fund: Long-term growth of capital.

MBF Balanced Fund: Long-term preservation of purchasing power plus reasonable current income.

MBF Diversified Fund: Long-term preservation of purchasing power. This fund may use alternative investment strategies to help achieve long-term returns with lower expected risks.

VIII. SOCIAL RESPONSIBILITY

The Missouri Baptist Foundation, responding to the Biblical challenge of responsible stewardship, calls for conscious investment decisions that takes into consideration Christian moral and ethical principles . In accordance with Christian moral and ethical principles, the investment objectives for the Funds must be pursued with consideration for the moral and ethical implications of investing.

Investments shall be avoided in companies the principal business activities of which are inconsistent with this philosophy. Such principal business activities may include but are not limited to:

- promotion of gambling;
- production of alcoholic beverages or tobacco;
- production, sale or promotion of pornography;
- abortion and fetal tissue research resulting from abortions.

Some Funds may include investments in commingled funds or partnerships that are not screened for the Foundation's socially responsible requirements. Examples of these exceptions may include, but are not limited to, hedge funds, private equity, venture capital investments, or other commingled funds used to implement the objectives of Funds. Certain funds that are screened for socially responsible investments may also have de minimus investments in securities or instruments which may not be consistent with the Foundations' socially responsible requirements. The EMC/Board must approve all exceptions to the general social screens described in this section.

IX. INVESTMENT OBJECTIVES

The investment strategy of the Foundation, in general, is to emphasize long-term total return; that is, the aggregate return from capital appreciation and dividend and interest income. The primary objective in the investment management for the Foundation's various multi-strategy Funds shall be to achieve a balanced return of current income and modest growth of principal consistent with the preservation of the purchasing power of such assets and the specific objectives of each of the Funds. Some portfolios may be shorter-term in nature and will have asset allocations appropriate to their respective goals like preservation of capital or stable returns over short and medium term horizons. For more detailed information on investment objectives, please refer to the MBF Information for Participants.

The goal of each Investment Manager, over the long-term investment horizon, shall be to:

1. Exceed the market index, or blended market index, selected by the Committees to correspond most closely to the style of investment management.
2. Display a level of risk in the portfolio that is consistent with the risk associated with the respective benchmark (see Appendix A). Risk will be measured using various metrics, including standard deviation, risk ratios, and other risk measurements.

Specific investment goals and constraints shall be given to each Investment Manager to supplement this statement of investment policy

X. LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Foundation will periodically provide an estimate of expected net cash flow. The Foundation will notify the Investment Advisor in a timely manner so as to allow sufficient time to build up necessary liquid reserves.

XI. MARKETABILITY OF ASSETS

The Foundation requires that most of the Funds' assets be invested in liquid securities, defined as securities of such quality and size as can be bought and sold quickly and efficiently with minimal impact on market price. Any investment in less liquid or illiquid investments will be reviewed and approved by the Committees and the Board.

XII. INVESTMENT GUIDELINES

Allowable investments may include though may not be limited to the following:

A. Allowable Assets

1. Cash Equivalents and Fixed Income Securities
   - Treasury Bills
   - Money Market Funds
   - Commercial Paper
   - Banker's Acceptances
   - Repurchase Agreements
   - Insured Certificates of Deposit
   - U.S. Government and Agency Securities
   - Corporate Notes and Bonds
   - Mortgage Backed Bonds
   - Preferred Stock
   - Fixed Income Securities of Foreign Governments and Corporations
   - Collateralized Mortgage Obligations
   - Asset-Backed Obligations
   - Mutual Funds

Guidelines for Fixed Income Investments and Cash Equivalents

a. Funds' assets may be invested only in investment grade bonds rated BAA or better by Moodys or an equivalent rating by a nationally recognized rating agency, at the time of purchase.
b. Funds' assets may be invested only in commercial paper rated A1/P1 or better.
c. Fixed income portfolio duration shall not exceed the duration of the Barclays Capital U.S. Aggregate Bond Index by more than one year.
d. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poors, and/or Moody's.
e. Repurchase Agreements shall be fully collateralized with instruments of the quality cited above.
f. Investment in foreign bonds not denominated in US dollars may be held in an amount not to exceed 5% of the market value of the asset class.
g. No position, other than U.S. government or agencies, should exceed 5 percent of a Fund's portfolio.

2. Equity Securities
   - Common Stocks

- Convertible Notes and Bonds
- Convertible Preferred Stocks
- American Depository Receipts (ADRs) of Non-U.S. Companies
- Stocks of Non-U.S. Companies (Ordinary Shares)
- Mutual Funds including Exchange Traded Funds (ETF's)
- Real Estate Investment Trusts (REIT's) (that are fully securitized and held as a part of a professionally managed diversified portfolio.)
- Private capital

Guidelines for Equity Investments

a. No position should exceed 5 percent of a Fund's portfolio.

b. Private capital investments are typically made through limited partnerships or limited liability corporations offered by professional investment managers. Private capital strategies may include venture capital, private equity, distressed investments, or other long-term opportunistic strategies. These strategies typically offer no or limited ability to redeem or withdraw invested capital at the investor's request.

   Private capital managers are expected to create value in the companies in which they invest by contributing financial or operational management skills and then realizing that value through corporate restructurings, strategic sales, or initial public offerings. The primary objective of private capital investments is to enhance performance. Of course, there is no guarantee that this objective will be realized.

   The Board of Trustees may consider investments in private capital within the context of a comprehensive investment plan.

   The Fund may invest in fund-of-funds or individual private funds. A fund-of-funds is managed by an Investment Manager, who subsequently invests in the private capital funds of multiple underlying Investment Managers. Because they are diversified, fund-of-funds may help to reduce the individual fund-specific risk. In special situations, and where considered appropriate, the Fund may also invest directly in an individual partnership or fund rather than a fund of funds.

   The Board understands that liquidity in such investments will be constrained. Private capital commitments are funded in stages as Investment Managers make capital calls. It may take several years for commitments to become fully invested. As a result, capital is then returned to investors as Investment Managers liquidate their underlying investments. Typically, the expected life of a private equity investment is expected to run 10-12 years.

3. **Hedge Funds**

Hedge funds are private investments, generally structured as limited partnerships or investment companies. Hedge Fund Investment Managers are allowed to operate with greater flexibility than most traditional investment managers and their compensation usually includes substantial performance incentives.

The Board of Trustees may consider investments in hedge fund strategies within the context of a comprehensive investment plan. The objective of such strategies will be to diversify the Fund's portfolio, complementing traditional equity and fixed-income investments and potentially improving the consistency of performance for the Fund. Of course, there is no guarantee that this objective will be realized.

The Fund may invest in Fund-of-Funds or individual hedge funds. A Fund-of-Funds is managed by an Investment Manager, who subsequently invests in the hedge funds of multiple underlying Investment Managers. Therefore, Fund-of-Funds are also referred to as Multi-Manager Funds. Because they are diversified, Fund-of-Funds help to reduce the individual fund-specific risk. In special situations and where considered appropriate, the Fund may also invest directly with individual rather that Multi-Manager Funds. The Committees understand that hedge fund investments are less transparent than traditional investments, but will expect reasonable levels of transparency in order to monitor the investments appropriately. In addition, the Committees understand that liquidity in such investments may be limited. Liquidity constraints, including lock-up provisions will be taken into consideration when making allocations to such investments.

Allowable Hedge Fund Strategies: Hedge funds are expected to provide diversification by investing in strategies that do not correlate directly with traditional equity and/or fixed-income investments. Such strategies may include, but are not limited to the following:

- Long/Short Equity
- Convertible Arbitrage
- Merger/Risk Arbitrage
- Fixed-Income Arbitrage
- Distressed Securities
- Global Macro
- Managed Futures or other Trend-Following Strategies

Allowable Hedge Fund Investments: The above-referenced strategies may include investments in the following: common and preferred stocks, options, warrants, convertible securities, foreign securities, foreign currencies, commodities, commodity futures, financial futures, derivatives, mortgage-backed and mortgage-related securities, real estate, bonds (both investment-grade and non-investment-grade, including high-yield debt, distressed or other securities) and other assets. Strategies may utilize short-selling and leverage. The use of leverage could magnify small changes in market prices and produce significant gains or losses for the fund.

4. Real Assets

The purpose of investing in real assets is primarily to hedge the Fund against inflation and to provide diversification to other investment strategies in the Fund. Some real asset investments may also provide long-term opportunities for capital growth. Real assets investments may include commodities (e.g. agricultural goods, metals, minerals, energy products, and foreign currencies), natural resources (e.g. oil, gas, clean energy, services, timber, and other natural resource investments), real estate (e.g. REITS, core, value-add, and other opportunistic real estate investment strategies) and other real asset strategies (e.g. infrastructure, intellectual property, or royalty payments).

5.Derivatives and Derivative Securities

The Investment Advisor and Managers are permitted under the terms of their individual investment guidelines to use derivative instruments. Derivatives are contracts or securities whose market value is related to the value of another security, index, or financial instrument. Investments in derivatives include (but are not limited to) futures, forwards, options, options on futures, warrants, and interest-only and principal-only strips. Examples of appropriate applications of derivative strategies include hedging market, interest rate, or currency risk, maintaining exposure to a desired asset class while making asset allocation changes, gaining exposure to an asset class when it is more cost-effective than the cash markets, and adjusting duration within a fixed income portfolio.

Any advisor or manager using derivatives shall (1) exhibit expertise and experience in utilizing such products; (2) demonstrate that such usage is strategically integral to their security selection, risk management, or investment processes; and (3) demonstrate acceptable internal controls regarding these investments.

XIII. SELECTION OF INVESTMENT MANAGERS

The Foundation's selection of Investment Manager(s) is based on prudent due diligence procedures. A qualifying Investment Manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company.

XIV. INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Performance reports shall be compiled quarterly and communicated to the IRC for review. The investment performance of each of the Common Investment Funds, as well as their asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason at any time including the following:

1. Investment performance that is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.

3. Significant qualitative changes to the Investment Manager organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

XV. INVESTMENT POLICY REVIEW

To ensure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Board will review the investment policy annually and recommend such amendments as may be required to keep the policy current and effective. This investment policy and any amendments hereto shall be approved by the Board of Trustees of the Foundation.

Approved December 2015, by the Board of Trustees of the Missouri Baptist Foundation:

Appendix A

ASSET ALLOCATION POLICY TARGETS

MBF Cash Fund: 100% Cash Equivalents

Benchmark – Merrill Lynch 3-Month Treasury Index

MBF Bond Fund: 100% Fixed Income

Benchmark – Barclays US Aggregate Bond Index

MBF Income Fund: 100% Fixed Income

Benchmark – Barclays US Aggregate Bond Index

MBF Stock Fund: 100% Equity

Benchmark – MSCI All Country World Index

MBF Balanced Fund

	Minimum	Target	Maximum	Benchmark Index
EQUITY	**55%**	**65%**	**75%**	MSCI ALL COUNTRY WORLD INDEX
FIXED INCOME	**25%**	**35%**	**45%**	BARCLAYS U.S. AGGREGATE BOND
HEDGE FUND STRATEGIES	**0%**	**0%**	**0%**	
REAL ASSETS	**0%**	**0%**	**10%**	

MBF Diversified Fund

	Minimum	Target	Maximum	Benchmark Index
Equity	**40%**	**55%**	**70%**	MSCI All Country World Index
Fixed Income	**5%**	**17%**	**25%**	Barclays U.S. Aggregate Bond
Hedge Fund Strategies	**10%**	**20%**	**30%**	HFRI FOF Composite Index
Real Assets	**0%**	**8%**	**20%**	Weighted Average of Real Assets

The MBF Diversified Fund may invest in illiquid strategies like private capital (Equity), opportunistic long-term strategies (Equity), private natural resources (Real Assets), or private real estate (Real Assets). The target for illiquid investments is 15 percent of the MBF Diversified Fund. Illiquid investments will be diversified over time to get exposure to different market cycles. It is expected that reaching the 15 percent target will take a number of years.

Appendix B

MBF DISTRIBUTION POLICY

The distribution policy provides a means by which the annual dividend is managed and maintained at appropriate levels consistent with the overall objectives of the Fund.

The objective of the distribution policy is to:

- Provide a stable and predictable cash flow to Fund participants.
- Balance the needs of current spending and asset growth in order to protect the principal and income of the account against erosion by inflation.

The distribution from the Fund (dividend) is currently determined as follows:

- During the fourth quarter of each year, the dividend for the next calendar year will be determined using the average of the previous 16-quarters market values of the Fund. As of calendar year 2016, the percentage used will be 4.3% from the Diversified Fund and 4.0% from the Balanced Fund. The dividend is credited monthly to the account, and distributions are paid to the beneficiary/client on a quarterly, semi-annual, or annual basis as requested, or as required by the governing documents.

The Board of Trustees determines the dividend from the Fund annually, based primarily on the dividend as calculated from the distribution policy. The Board of Trustees may, however, make adjustments to the calculated dividend after consideration of other factors such as prior dividend history, current economic conditions and prevailing markets.